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DEPARTMENT OF STATE

Memorandum of Conversation

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SUBJECT: Volta River Project

PARTICIPANTS: Mr. Chad Calhoun, Vice President, Kaiser Industries, Inc.
Mr. J. C. Satterthwaite, Assistant Secretary, AF
Mr. George Dolgin, Politico-Economic Adviser, AF
Mr. George D. LaMont, Acting Director, AFS

FEB 18 1959

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Mr. Calhoun called to give information regarding the Kaiser up-dating survey of the Volta River Hydroelectric Project in Ghana. He said that a copy of their report will be given to Prime Minister Nkrumah on February 23 and that shortly thereafter copies will be made available to other interested organizations including the Department of State.

In making their study of this project, Mr. Calhoun said that they divided it into three parts as follows:

1. Hydroelectric project including transmission lines;

2. Aluminum smelters and the plants of other electricity users;

3. Necessary roads, railroads, housing, and so forth.

Mr. Calhoun said that they expected items (1) and (3) to be financed separately from item (2). The latter would be financed exclusively by the electricity and other users, while (1) and (3) would be financed for the most part, if not entirely, by the government.

They found the project to be exceedingly favorable and they estimate that it could produce electricity at a cost of 2.1 mills. They found a better dam site

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site than that of the original proposal. It is slightly downstream, will permit a higher dam, will mean less cost, and will permit a larger electricity potential. They estimate the cost of the electric project, including transmission lines, at £70 million or less than $200 million.

They found that there are two bauxite concessions in Ghana, one held by ALCAN and the other by British Aluminum, Ltd., which is now controlled by Reynolds Metals. Both ALCAN and British Aluminum made full information available to a Kaiser survey party with respect to their deposits.

Kaiser believes it could establish an aluminum plant producing 200,000 tons of aluminum a year, using about 70 to 75 per cent of the Volta potential. They are recommending that not all of the Volta power resources be reserved for aluminum production and that a substantial proportion be held for other industries.

In addition to the Volta project, they found that it will be possible to build a low-cost dam at Boui on the Black Volta in central Ghana near the Ivory Coast. This project would probably require the accord of the Ivory Coast, as the lake backed up by the dam would go into the Ivory Coast. Regardless of the prospects for the Boui dam, they will recommend that transmission network from the Volta project include Accra, Kibi and Kumasi.

As the next step, Mr. Calhoun believes that Ghana will ask Kaiser to consult ALCAN and British Aluminum about forming a joint venture or consortium for the establishment of aluminum production facilities. This group might include other possible users of electricity such as Italian, French and German companies.

Mr. Calhoun said they estimate the construction time of the dam at the site they have selected at five years, but if Kaiser does both the engineering and construction, they might be able to carry it out in four years. However, in any case, there will be an additional year which will be required for filling the lake in back of the dam. He was told that this lake, which would cover 3700 square miles, would be the largest such lake in the world.

The only question in the mind of Kaiser regarding the suitability of this project, and this is a point on which bankers would require conviction, is the possible demand for aluminum five or six years hence. He mentioned that Kaiser is interested in a modest plant in India, but all of the output by that plant would be consumed in India. All of the production from Ghana, on the other hand, would come on to the world market. While the world demand for aluminum has been consistently rising, it is impossible to predict with precision what the demand will be at the time this proposed project is completed.

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